

What is Dual Membership and How Does It Affect Me?

If you are an active member in any of the retirement systems listed below and you once belonged to another of these systems, you may be eligible for benefits under the provisions for dual membership. Dual member systems and plans include:

- Public Employees' Retirement System (PERS) Plans 1, 2 and 3
- Teachers' Retirement System (TRS) Plans 1, 2 and 3
- School Employees' Retirement System (SERS) Plans 2 and 3
- Public Safety Employees' Retirement System (PSERS) Plan 2
- Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2
- Washington State Patrol Retirement System (WSPRS) Plans 1 and 2
- City Retirement Systems for Seattle, Spokane and Tacoma
- State-wide City Employees' Retirement System (SCERS) - *If you were a member of SCERS, contact a DRS Retirement Services Analyst for complete information about dual membership.*

How Do I Qualify?

You qualify for dual membership if you meet **all** of the following criteria:

- You are currently a member of one of the dual-member systems listed above.
- You previously contributed to a dual member system other than the one to which you now belong.
- You have not retired from any Department of Retirement Systems (DRS) administered system.
- You are not receiving disability retirement or disability leave benefits from any DRS-administered retirement system.

Note: If you are employed at the same time in a SERS-eligible position and a PERS-eligible position, different rules apply. Contact DRS for more information.

What Are the Advantages of Dual Membership?

Dual membership has three advantages:

- You may restore service credit withdrawn from any other dual member system.
- You may combine service credit earned in all dual member systems to become eligible for retirement.
- You can use your highest "base salary" in a dual member system to calculate your retirement benefit.



Restoring contributions and service credit

If you become a dual member, you may restore contributions and service credit that you previously withdrew from any other dual member system. To restore, you must repay the withdrawn contributions plus interest within 24 months of becoming a dual member.

You can find out more about restoring contributions and service credit, or purchasing service credit, by reading the DRS publication *Recovery of Withdrawn or Optional Service Credit*. If you are restoring TRS Plan 1 service credit, you may be eligible to re-establish your membership in TRS Plan 1 after your bill for restoring the service credit is paid in full.

Retirement eligibility for dual members

As a dual member, you may combine service credit in all dual member systems to become eligible for retirement. If your combined service makes you eligible to retire under any dual member system, you may elect to retire from all dual member systems to which you belong. If a system's laws would not allow retirement because you are younger than the system's minimum retirement age, you may:

- Defer receiving a benefit until you reach full normal retirement age under the plan; or
- Begin receiving a reduced benefit prior to full retirement age.

Although you can combine service from all systems to become eligible for retirement, the amount of the benefit you will receive is determined by the rules of each individual system. Retirement eligibility rules from the dual member systems are as follows:

PERS and TRS Plan 1 may retire at: <ul style="list-style-type: none">• Any age with at least 30 service credit years• Age 55 with at least 25 service credit years• Age 60 with at least 5 service credit years	PERS, SERS and TRS Plan 2 may retire at: <ul style="list-style-type: none">• Age 65 with at least 5 service credit years• Age 55 with at least 20 service credit years (benefit reduced)• Age 55 with at least 30 Washington State service credit years (benefit will be reduced by 3% per year under age 65)
PSERS Plan 2 may retire at: <ul style="list-style-type: none">• Age 65 with at least 5 service credit years• Age 60 with at least 10 service credit years in PSERS• Age 53 with at least 20 service credit years (benefit will be reduced by 3% per year under age 60)	SERS, TRS and PERS Plan 3 may retire at age 65 with: <ul style="list-style-type: none">• At least 10 service credit years, or• Five service credit years, including 12 service credit months earned after age 44, or• At least five service credit years that were earned under Plan 2 before:<ul style="list-style-type: none">- July 1, 1996 for TRS- September 1, 2000 for SERS- June 1, 2003 for PERS SERS, TRS and PERS Plan 3 may retire at age 55 with: <ul style="list-style-type: none">• At least 10 service credit years (benefit reduced)
LEOFF Plan 2 may retire at: <ul style="list-style-type: none">• Age 53 with at least 5 service credit years• Age 50 with at least 20 service credit years (benefit reduced)	
WSPRS Plans 1 and 2 may retire from active status at: <ul style="list-style-type: none">• Any age with at least 25 service credit years• Age 55 with any service credit WSPRS Plans 1 and 2 may retire from inactive status at: <ul style="list-style-type: none">• Age 60 with at least 5 service credit years• Age 55 with at least 5 service credit years (benefit reduced)	SCERS The Statewide City Employees' Retirement System was closed to new members in 1972. Contact DRS for more information. First Class Cities The Seattle, Tacoma and Spokane city retirement systems are not administered by DRS. If you need information, contact the appropriate system directly. Phone numbers are listed on page 8.

Disability Retirement

If you receive a disability retirement from your active system, you remain eligible to receive a service retirement benefit from each of your inactive dual member systems. Benefits from your inactive system may be reduced. Contact a DRS Retirement Services Analyst for further information.

Benefit Calculation

Under dual membership, you receive a separate defined benefit from each of your systems. All dual member systems have service retirement benefit calculations that are composed of three factors:

- Service credit in that system
- Average earnings
- A multiplier (usually two percent; or one percent for the defined benefit portion of SERS, TRS and PERS Plan 3)

Note: TRS Plan 3, SERS Plan 3 and PERS Plan 3 are composed of both a defined-benefit component, similar to those found in other DRS-administered retirement plans, and a defined-contribution component in which the benefit is based on contributions made and the investment earnings.

TYPICAL DEFINED BENEFIT FORMULA
service credit x multiplier x average earnings =
retirement benefit

Service Credit: The benefit you receive from each system will be based on the service credit you accumulated in that system.

- **Average Earnings:** Each retirement system and plan uses its own criteria to establish your average earnings in the benefit calculation. For instance, Plan 1 systems use a two-year average while Plan 2 and Plan 3 use a five-year average. For more detailed descriptions of average earnings criteria, refer to your member handbook.
- Under dual membership, DRS will establish your average earnings using two methods. You will be awarded the higher of the benefits.
 - Each system calculates your service retirement defined benefit based on the compensation earned in that system; or
 - The highest “base salary” from any one system is used to determine the average earnings factor when calculating the retirement benefit for another dual member system. If you are eligible to retire retroactively, your base salary is salary earned prior to the date your combined service in both dual member systems makes you eligible for an **unreduced** benefit. However, if your average earnings are higher after the first date you are eligible to retire, you may choose to retire at a later date.
- Base salary means salaries or wages earned during a payroll period for personal services. The base salary includes wages and salaries deferred under federal tax codes. Base salary does not include:
 - Overtime pay;
 - Non-money maintenance compensation;
 - Cash-outs for deferred annual sick leave, unused accumulated vacation or unused accumulated annual leave;
 - Any form of severance pay; or
 - Fringe benefits.

How Does the Maximum Benefit Limitation Affect a Dual Member?

Several retirement systems have rules that set a maximum benefit. For instance, a PERS Plan 1 retiree may not receive a benefit in excess of 60 percent of his or her average earnings.

Retirement systems with maximum benefit limitations:

- **WSPRS Plans 1 and 2** - 75 percent of average earnings
- **TRS Plan 1** - 60 percent of average earnings
- **PERS Plan 1** - 60 percent of average earnings
- **First Class City systems** - Seattle and Tacoma - 60 percent of average earnings; Spokane - 64.5 percent of average earnings

If one of your retirement systems has a maximum benefit limitation, DRS will:

1. **Determine the maximum benefit.** DRS computes the benefit for each system as if all career service and earnings occurred in that system. The system with the highest benefit establishes the maximum benefit.
2. **Determine the individual benefit.** DRS will determine the individual benefit under each system and add the individual benefits together.
3. **Compare the total of the individual benefits with the maximum.** If the total exceeds the maximum benefit, the individual benefits will be proportionately reduced until the total equals the maximum benefit.

How Is My Retirement Benefit Affected By Dual Membership?

DRS has created the examples below, and on the following pages, to illustrate some of the common ways that dual membership may affect a member's retirement benefit. This is not a complete listing of dual membership scenarios. Please contact DRS if your particular situation is not addressed here or if you need more information.

- **Example 1** (See below) - Earlier retirement date
- **Example 2** (See page 5) - Immediate retirement, but benefits are significantly reduced
- **Example 3** (See page 5) - Base salary enhances total benefit
- **Example 4** (See page 6) - Salary earned after retirement does not increase benefit
- **Example 5** (See page 7) - Dual membership rules do not increase benefit
- **Example 6** (See page 7) - Maximum benefit rule limits benefit
- **Example 7** (see page 8) - Defer receipt for one system until full benefits are available

EXAMPLE 1:

Dual Membership provides an opportunity for an earlier retirement date

Lee is 52 years old and has four service credit years in LEOFF Plan 2 and 21 years in PERS Plan 1. Under dual membership rules, Lee can combine his service credit from the two systems to qualify for retirement. Under PERS Plan 1, Lee cannot qualify for retirement until age 55 with at least 25 service credit years. Since Lee has at least 20 years of service credit and is at least age 50, he qualifies under LEOFF Plan 2 eligibility rules. (Refer to LEOFF Plan 2 retirement eligibility rules on page 2.)

Dual membership allows Lee to retire immediately and collect reduced benefits from both systems.

EXAMPLE 2:

Dual membership allows immediate retirement, but benefits are significantly reduced

Vickie is 57 years old. She is a former Washington State Patrol Officer. She now works for a state agency and is a member of PERS Plan 2. She would like to retire as soon as possible without drastically reducing her retirement income. Vickie's accumulated service credit and average monthly earnings are:

WSPRS Plan 1	14 years	\$3,000
PERS Plan 2	8 years	\$3,000

Since Vickie is not an **active** State Patrol Officer, she is not eligible for a full retirement until age 60. If she chooses to retire at age 57, her benefit will be reduced to 74 percent of its full value to reflect the early retirement. (Refer to WSPRS Plan 1 retirement eligibility rules on page 2.)

WSPRS Plan 1 benefit:

$$14 \times 2\% \times \$3,000 = \$840 \text{ (full benefit)}$$
$$74\% \times \$840 = \$621.60 \text{ (reduced benefit)}$$

PERS Plan 2 benefit: Vickie's PERS Plan 2 benefit would be reduced to 43 percent of its full value. A full benefit is not available until age 65.

$$8 \times 2\% \times \$3,000 = \$480 \text{ (full benefit)}$$
$$43\% \times \$480 = \$206.40 \text{ (reduced benefit)}$$

Total monthly benefits at age 57

At age 57, Vickie's total benefits would be \$828 (\$621.60 + \$206.40)

If Vickie delays retirement...

If Vickie remains in PERS Plan 2 for three more years, she will be able to claim a full benefit from WSPRS on the basis of her age.

WSPRS Plan 1 benefit:

$$14 \times 2\% \times \$3,000 = \$840 \text{ per month}$$

PERS Plan 2 benefit:

At age 60, she will be eligible for a PERS Plan 2 benefit that is 58 percent of full value based on 11 years of service rather than eight years.

$$11 \times 2\% \times \$3,000 = \$660 \text{ per month}$$
$$58\% \times \$660 = \$382.80 \text{ (reduced benefit)}$$

Total monthly benefits at age 60

If Vickie continues to work until age 60, her total benefits will be \$1,222.80 (\$840 + \$382.80). That's a 48 percent increase in Vickie's benefit, or nearly \$400 per month.

EXAMPLE 3:

Dual member uses base salary to enhance total benefit

Ellen is age 65. She worked for 10 years as a teacher under TRS Plan 1. She spent the last 15 years of her career as a clerical employee under PERS Plan 3. Ellen's service credit and average monthly earnings are:

TRS Plan 1	10 years	\$1,600
PERS Plan 3	15 years	\$3,000

Because she is eligible for a full benefit from both systems based on her age and service credit, she does not need to use dual membership to qualify. Ellen chooses to retire as a dual member and use her base salary from PERS Plan 3 to calculate her TRS Plan 1 benefits.

Designating the base salary for TRS benefit

Ellen earned an average monthly salary of \$3,000 during her two-year average period in PERS. This included overtime that averaged \$125 per month. Overtime can be used for the PERS average earnings. It cannot be included in the base salary used to calculate a benefit in another system. Her monthly average base salary is \$2,875.

The following calculations demonstrate Ellen's benefit using individual system earnings and using the base salary.

Calculating the PERS Plan 3 benefit

$1\% \times 15 \times \$3,000 = \450 per month

Calculating the TRS Plan 1 benefit

TRS Plan 1 benefit using TRS salary

$2\% \times 10 \times \$1,600 = \320 per month

TRS Plan 1 benefit using PERS Plan 3 base salary

$2\% \times 10 \times \$2,875 = \575 per month

Total benefits

Based on individual systems rules

$\$770$ per month ($\$450 + \320)

Using the PERS base salary

$\$1,025$ per month ($\$450 + \575)

Note: Ellen will have a choice in selecting her retirement date from TRS Plan 1 and may receive a retroactive payment. For more information, contact a DRS Retirement Services Analyst.

EXAMPLE 4:

Dual member benefits may not be increased by salary earned after the retirement date

Mary works for four years in PERS Plan 1, then terminates employment and does not withdraw her contributions. Later, at age 33, she returns to employment as a teacher in TRS Plan 1, becoming a dual member. She works for another 23 years as a teacher and terminates employment at age 56 with 27 years of combined service.

Because she is over age 55 and has more than 25 years of combined service, she is immediately eligible to retire from TRS.

Her retirement date from PERS is retroactive, as she would have been eligible had she not continued employment as a teacher. Since she had 26 years of service when she reached her 55th birthday, her retirement date in PERS could be the first day of the month following her 55th birthday. Mary could also choose to retire at any date thereafter.

The average earnings used to calculate her benefit will be her TRS base salary from her 25th and 26th years of combined service - the 24 months immediately prior to her PERS eligibility date.

EXAMPLE 5:

Dual membership retirement does not increase benefit

Joe is age 60 and is an active PERS Plan 1 member. He has 30 years of TRS Plan 1 service and five years of PERS Plan 1 service. His TRS Plan 1 average earnings were \$3,500. His PERS Plan 1 average earnings were \$1,500. If he retires separately from TRS Plan 1 and PERS Plan 1, his benefit would be calculated as:

TRS Plan 1 Benefit

$2\% \times 30 \text{ years} \times \$3,500 = \$2,100$

PERS Plan 1 benefit

$2\% \times 5 \text{ years} \times \$1,500 = \$150$

His retirement benefit total would be $\$2,250$ ($\$2,100 + \150)

If Joe elected to retire under dual membership rules, he could use his TRS average earnings to determine both his TRS and PERS retirement benefit.

TRS Plan 1 Benefit

$2\% \times 30 \text{ years} \times \$3,500 = \$2,100$

PERS Plan 1 benefit

$2\% \times 5 \text{ years} \times \$3,500 = \$350$

However, under dual membership rules, the system with the highest benefit establishes the maximum benefit. And since TRS Plan 1 has a maximum benefit limitation of 60 percent of average earnings, Joe's benefit under dual membership would be limited to $\$2,100$ (60 percent \times $\$3,500$).

In this example, Joe would receive a higher benefit by retiring from each system independently and not by using dual membership rules. Contact DRS for more information.

EXAMPLE 6:

The maximum benefit rule limits dual membership retirement benefits

Tom is age 60. He has accumulated service credit in TRS Plan 1 and in PERS Plan 1. Both TRS and PERS Plans 1 have a maximum benefit of 60 percent of average earnings. Tom's service and average annual earnings are as follows:

TRS Plan 1	20 years	\$3,400
PERS Plan 1	11 years	\$3,500

Calculating the maximum benefit

DRS calculates Tom's maximum benefit as if all career service and earnings had been in a single Plan 1 system. TRS Plan 1 average annual earnings are derived from the highest two consecutive fiscal years. PERS Plan 1 average monthly earnings are derived from the highest consecutive 24 months. Tom's highest average monthly earnings are \$3,500. Sixty percent of \$3,500 is \$2,100, the maximum monthly benefit.

Calculating the TRS benefit

Tom worked for 20 years in TRS Plan 1. His average monthly earnings are \$3,000, but his dual member average earnings are \$3,500. His TRS benefit was calculated as: $20 \times 2\% \times \$3,500 = \$1,400$ per month.

Calculating the PERS benefit

Tom has 11 years in PERS Plan 1. His average monthly earnings were \$3,500. His PERS benefit was calculated as:

$11 \times 2\% \times \$3,500 = \770 per month.

Proportional reduction

The total of the TRS Plan 1 (\$1,400) and PERS Plan 1 (\$770) benefits is \$2,170. This exceeds the allowable maximum benefit (\$2,100) by \$70. DRS will reduce Tom's TRS Plan 1 and PERS Plan 1 benefits to create a combined benefit equal to the maximum benefit of \$2,100. The reduction is the proportional amount of service in each system compared to the total service.

Calculating the reduced benefits

Twenty years of TRS service divided by 31 total years is 64.5%. $64.5\% \times \$70 = \45.15 , the reduction to the TRS benefit. The reduced TRS benefit:
 $\$1,400 - \$45.15 = \$1,354.85$.

Eleven years of PERS service divided by 31 total years = 35.5%. $35.5\% \times \$70 = \24.85 , the reduction to the PERS benefit. The reduced PERS benefit:
 $\$770 - \$24.85 = \$745.15$.

The individually reduced benefits for TRS (\$1,354.85) and PERS (\$745.15) combine to make a total benefit of \$2,100, which is the maximum benefit.

Tom has the option to retire from each system independently. The maximum benefit rule would not apply in this case. If he chooses to retire from each system independently, Tom's benefits would be calculated as:

TRS Plan 1: $20 \times 2\% \times \$3,400 = \$1,360$

PERS Plan 1: $11 \times 2\% \times \$3,500 = \770

Tom's total benefits received after retiring from each system independently would be \$2,130 ($\$1,360 + \770).

EXAMPLE 7:

Defer receipt of benefit from one system until full benefits are available

Dave is age 60 and is an active PSERS Plan 2 member. He has 20 years of PSERS Plan 2 service and 8 years of PERS Plan 3 service. His PSERS average earnings were \$3,500.00. His PERS average earnings were \$1,500.00. Dave is eligible to retire with full benefits under PSERS, but if he takes his PERS benefit, it will be reduced at age 60.

PSERS Plan 2 Benefit at age 60
 $2\% \times 20 \text{ years} \times \$3,500 = \$1,400$

PERS Plan 3 Benefit at age 60
 $1\% \times 8 \text{ years} \times \$3,500 = \$280$
 $\$280.00 \times 61\% \text{ Early Retirement Factor (ERF)} = \170.80

If Dave defers his PERS benefit until age 65, he would receive the full benefit amount.

PERS Plan 3 Benefit at age 65
 $1\% \times 8 \text{ years} \times \$3,500 = \$280$

Dave can retire from PSERS at age 60 and collect his benefit. He can then defer receipt of his PERS Plan 3 defined benefit until age 65 when he will receive full benefits, or take it at age 60 and receive a reduced benefit for his lifetime.

To Learn More

For information about a specific dual member system, refer to the appropriate member handbook. Member handbooks and other publications for either PERS, SERS, TRS, PSERS, LEOFF or WSPRS are available on the DRS Web site. Print copies can be obtained by contacting your employer's personnel office or DRS.

DRS Web site: www.drs.wa.gov

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Tacoma	(253) 591-2035
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This brochure does not contain a complete description of the law. If there are conflicts between what is written here and what is contained in the law, the applicable law will govern. Dual membership is described in Chapter 41.54 of the Revised Code of Washington (RCW) and Chapter 415-113 of the Washington Administrative Code (WAC).